JAGUAR MINING INC.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended

September 30, 2015 and 2014

(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited and expressed in thousands of US dollars)

		September 30, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		**$ 2,889**	$ 7,161
Accounts receivable		**1,958**	-
Inventory	*Note 4*	**12,756**	19,175
Recoverable taxes	*Note 5*	**4,611**	10,614
Other accounts receivable		**793**	1,636
Prepaid expenses and advances		**2,402**	1,639
Derivatives	*Note 12*	**1,202**	-
Total Current Assets		**26,611**	40,225
Non-current assets			
Property, plant and equipment	*Note 6*	**64,798**	63,773
Mineral exploration projects	*Note 7*	**68,911**	68,544
Recoverable taxes	*Note 5*	**11,636**	21,368
Other assets		**2,544**	1,354
Total assets		**$ 174,500**	$ 195,264
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	*Note 8*	**$ 13,473**	$ 16,049
Notes payable	*Note 9*	**22,653**	29,413
Reclamation provisions	*Note 10*	**2,316**	1,202
Derivatives		**-**	197
Other provisions and liabilities	*Note 11*	**18,640**	16,605
Total Current Liabilities		**57,082**	63,466
Non-current liabilities			
Notes payable	*Note 9*	**1,326**	1,538
Deferred income taxes		**12,814**	8,338
Other taxes payable		**95**	101
Reclamation provisions		**12,592**	20,172
Other liabilities		**40**	61
Total liabilities		**$ 83,949**	$ 93,676
SHAREHOLDERS' EQUITY			
Capital Stock	*Note 12*	**434,469**	434,465
Stock options	*Note 12*	**651**	525
Deferred shares units	*Note 12*	**1,181**	965
Contributed surplus		**18,768**	18,666
Deficit		**(365,720)**	(352,836)
Hedging Reserve	*Note 12*	**1,202**	(197)
Total shareholders' equity		**90,551**	101,588
Financial liabilities and other commitments			
Total liabilities and shareholders' equity		**$ 174,500**	$ 195,264
Going concern	*Note 2*		

On behalf of the Board:

(signed) "Richard Falconer" *(signed) "George M. Bee"*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

For the three and nine months ended September 30, 2015 and 2014

(Unaudited and expressed in thousands of US dollars)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2015	2014	**2015**	2014
Gold Sales		**$ 28,126**	$ 29,015	**$ 79,692**	$ 90,596
Cost of sales	*Note 14*	**(21,146)**	(30,040)	**(67,724)**	(90,666)
Gross profit (loss)		**6,980**	(1,025)	**11,968**	(70)
Exploration and evaluation costs		**18**	96	**96**	217
Care and maintenance costs (Paciencia mine)		**238**	510	**813**	1,636
Stock-based compensation		**84**	479	**448**	1,224
General and administration expenses		**3,120**	3,488	**8,468**	10,561
Restructuring fees		**-**	340	**-**	10,306
Amortization		**18**	266	**499**	804
Adjustment to legal and VAT provisions	*Note 15*	**965**	(3,142)	**9,811**	4,582
Other operating expenses		**418**	927	**1,773**	3,679
Operating gain (loss)		**2,119**	(3,989)	**(9,940)**	(33,079)
Foreign exchange loss (gain)		**(6,654)**	2,186	**(6,870)**	86
Financial instruments gain		**-**	(287)	**(38)**	(265,862)
Finance costs		**(492)**	1,551	**1,691**	8,755
Other non-operating expenses (recoveries)		**25**	(198)	**(16)**	(461)
Income (loss) before income taxes		**9,240**	(7,241)	**(4,707)**	224,403
Current income tax expense		**252**	321	**937**	1,652
Deferred income tax expense		**4,543**	1,929	**7,240**	1,358
Total income tax expense		**4,795**	2,250	**8,177**	3,010
Net income (loss)		**4,445**	(9,491)	**(12,884)**	221,393
Other comprehensive income (loss)		**604**	344	**1,434**	(745)
Total comprehensive income (loss)		**5,049**	(9,147)	**(11,450)**	220,648
Earnings per share					
Income (loss) per share					
Basic	*Note 13*	**$ 0.04**	$ (0.09)	**$ (0.12)**	$ 3.36
Diluted	*Note 13*	**$ 0.04**	$ (0.09)	**$ (0.12)**	$ 3.25
Weighted average shares outstanding					
Basic		**111,136,038**	111,111,038	**111,122,210**	65,937,021
Diluted		**112,636,604**	111,111,038	**111,122,210**	68,149,314

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2015 and 2014

(Unaudited and expressed in thousands of US dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
OPERATING ACTIVITIES				
Net income (loss) for the period	**$ 4,445**	$ (9,491)	**$ (12,884)**	$ 221,393
Adjusted for non-cash items				
Unrealized foreign exchange gain	**83**	3,212	**(2,414)**	294
Stock-based compensation expense	**84**	479	**448**	1,224
Interest expense	**606**	1,122	**2,078**	7,424
Accretion of interest expense	**(1,098)**	432	**(387)**	1,331
Deferred income tax expense (recovery)	**4,543**	1,929	**7,239**	1,358
Depletion and amortization	**3,272**	7,994	**13,390**	24,547
Loss on disposition of property, plant and equipment	**59**	-	**82**	53
Write-down of inventory	**-**	214	**32**	2,190
Provision for VAT and other taxes	**(425)**	(3,990)	**221**	774
Legal provisions	**1,390**	848	**9,590**	3,808
Gain on debt forgiveness	**-**	-	**-**	(265,566)
Loss on Renvest ammendment	**-**	-	**-**	400
Unrealized gain on derivatives and option component of notes	**-**	(289)	**-**	(297)
Reclamation expenditure	**(40)**	(100)	**(284)**	(497)
	12,919	2,360	**17,111**	(1,564)
Adjusted for changes in non-cash operating assets and liabilities				
Accounts receivable	**(1,958)**	-	**(1,958)**	-
Inventory	**2,063**	761	**4,442**	(1,905)
Other accounts receivable	**17**	(164)	**(29)**	2,323
Recoverable taxes	**(1,755)**	(113)	**9,151**	(892)
Prepaid expenses and other assets	**564**	(208)	**(1,081)**	(789)
Accounts payable and accrued liabilities	**(3,006)**	(812)	**(2,590)**	176
Taxes payable	**(6)**	168	**(6)**	684
Other provisions	**(5,168)**	(2,245)	**(7,555)**	(3,410)
Net cash provided (consumed) by operating activities	**3,670**	(253)	**17,485**	(5,377)
FINANCING ACTIVITIES				
Share issuance	**-**	-	**-**	50,000
Repayment of debt	**(13,664)**	(18,361)	**(21,364)**	(28,961)
Increase in debt	**12,613**	14,834	**13,913**	14,834
Decrease in restricted cash	**-**	-	**-**	109
Interest paid	**(432)**	(1,083)	**(1,705)**	(3,921)
Other liabilities	**(10)**	(3)	**(22)**	13
Net cash used in financing activities	**(1,493)**	(4,613)	**(9,178)**	32,074
INVESTING ACTIVITIES				
Mineral exploration projects	**(130)**	(118)	**(367)**	(526)
Purchase of property, plant and equipment	**(4,222)**	(7,363)	**(12,562)**	(16,514)
Proceeds from disposition of property, plant and equipment	**78**	208	**119**	464
Net cash used in investing activities	**(4,274)**	(7,273)	**(12,810)**	(16,576)
Effect of exchange rate changes on cash and cash equivalents	**210**	(71)	**231**	(32)
Net increase (decrease) in cash and cash equivalents	**(1,887)**	(12,210)	**(4,272)**	10,089
Cash and cash equivalents at the beginning of the period	**4,776**	31,314	**7,161**	9,015
Cash and cash equivalents at the end of the period	**$ 2,889**	$ 19,104	**$ 2,889**	$ 19,104

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2015 and 2014

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Stock Options		Deferred Shares Units		Contributed Surplus	Deficit	Hedging Reserve[1]	Total Equity (Deficiency)
	Shares	Amount	Options	Amount	Units	Amount				
Balance as at January 1, 2014	86,396,356	$ 371,077	1,604,028	$ 917	-	-	$ 17,638	(483,699)	508	$ (93,559)
Share consolidation	(85,396,429)	-	-	-	-	-	-	-	-	-
Shares issued	110,111,111	77,591	-	-	-	-	-	-	-	77,591
Shares issuance cost	-	(14,203)	-	-	-	-	-	-	-	(14,203)
Options cancelled	-	-	(1,604,028)	(917)	-	-	1,028	-	-	111
Stock options	-	-	1,994,735	351	-	-	-	-	-	351
Deferred share units	-	-	-	-	1,600,566	807	-	-	-	807
Realized loss on statement of operations	-	-	-	-	-	-	-	-	285	285
Other comprehensive income	-	-	-	-	-	-	-	-	(745)	(745)
Net income	-	-	-	-	-	-	-	221,393	-	221,393
Balance as at September 30, 2014	**111,111,038**	**$ 434,465**	**1,994,735**	**$ 351**	1,600,566	**$ 807**	**$ 18,666**	**$ (262,306)**	**$ 48**	**$ 192,031**
Balance as at January 1, 2015	111,111,038	$ 434,465	2,679,735	$ 525	1,600,566	$ 965	$ 18,666	$ (352,836)	$ (197)	$ 101,588
Shares issued	25,000	4	-	-	-	-	(4)	-	-	-
Stock options	-	-	-	168	-	-	-	-	-	168
Options cancelled	-	-	(400,000)	(42)	-	-	42	-	-	-
Deferred share cancelled	-	-	-	-	(100,000)	(64)	64	-	-	-
Deferred share units	-	-	-	-	-	280	-	-	-	280
Realized gain on statement of operations	-	-	-	-	-	-	-	-	(35)	(35)
Other comprehensive loss	-	-	-	-	-	-	-	-	1,434	1,434
Net loss	-	-	-	-	-	-	-	(12,884)	-	(12,884)
Balance as at September 30, 2015	**111,136,038**	**$ 434,469**	**2,279,735**	**$ 651**	**1,500,566**	**$ 1,181**	**$ 18,768**	**$ (365,720)**	**$ 1,202**	**$ 90,551**

[1] Hedging reserve Note 12(d)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of business and basis of preparation:

Jaguar Mining Inc. (the "Company" or "Jaguar") is a corporation continued under the *Business Corporations Act* (Ontario) engaged in the acquisition, exploration, development and operation of gold producing properties in Brazil. The address of the Company's registered office is 67 Yonge Street, Suite 1203, Toronto, Ontario, M5E 1J8, Canada.

These condensed interim consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2015 include the accounts of the Company and its wholly-owned subsidiaries: Mineração Serras do Oeste Ltda. ("MSOL"), Mineração Turmalina Ltda. ("MTL") and MCT Mineração Ltda. ("MCT"). All significant intercompany accounts and transactions have been eliminated on consolidation.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not include all annual disclosures as required by International Financial Reporting Standards ("IFRS") and should be read in connection with the Company's December 31, 2014 audited annual financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 24, 2015.

2. Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due.

The Company considers that the near term economic outlook presents challenges in terms of commodity prices. Whilst the Company has instituted measures to preserve cash, improve operations and has obtained additional financing, the volatility in the commodity prices and the ensuing circumstances create uncertainties over future results and cash flows. The Company closed a non-brokered private placement of convertible senior secured debentures for US$ 21.5 million on October 27, 2015, in order to meet its near-term operating cash requirements, senior secured debt repayment and sustaining capital expenditures (see Note 19). There is no assurance that the Company's recent financing initiative will be sufficient to meet its long term cash flow needs. The Company had a working capital deficiency of $30.5 million as at September 30, 2015.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations or exploration programs will result in profitable mining operations. This fact, along with the factors discussed in the preceding paragraphs results in a material uncertainty that casts substantial doubt as to the Company's ability to continue to operate as a going concern. The recoverability of the carrying value of property, plant and equipment and mineral exploration projects is dependent upon the success of the above operating, exploration and financing activities and the future gold price. Changes in future conditions could require material write-downs of the carrying value of property, plant and equipment and mineral exploration projects.

If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications used, and such adjustments could be material.

(Unaudited and expressed in thousands of US dollars)

3. Significant accounting policies:

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those used in the Company's annual audited consolidated financial statements for the year ended December 31, 2014.

a) Future accounting policy changes issued but not yet in effect:

The following are new pronouncements approved by the IASB. The following new standards are not yet effective and have not been applied in preparing these financial statements, however, they may impact future periods.

IFRS 9 Financial Instruments - In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

IFRS 15 Revenue from Contracts with Customers was issued by IASB in May 2014. It specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. The impact of IFRS 15 on the Company's consolidated financial statements has not yet been determined.

4. Inventory:

Inventory is composed of the following:

	September 30, 2015	December 31, 2014
Raw material	**$ 2,609**	$ 2,524
Mine operating supplies	**4,735**	6,472
Ore in stockpiles	**262**	258
Gold in process	**2,013**	3,664
Unrefined gold at refinery	**3,137**	4,456
Finished goods (gold bullion)	**-**	1,801
Total Inventory	**$ 12,756**	$ 19,175

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2015	2014	**2015**	2014
Inventory amounts recorded in cost of sales	**$ 17,956**	$ 22,595	**$ 54,924**	$ 69,319
Inventory amounts recorded in depletion and amortization	**3,254**	7,728	**12,891**	23,743

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2015	2014	**2015**	2014
Inventory write down	**$ -**	$ 214	**$ 32**	$ 2,190

(Unaudited and expressed in thousands of US dollars)

5. Recoverable taxes:

	December 31, 2014	Additions/ Reversals	Accretion	Tax refunded	Applied to taxes payable	Foreign exchange	September 30, 2015
Value added taxes and other[1]	$ 26,659	$ 5,507	$ -	$ (7,378)	$ (4,148)	$ (10,416)	**$ 10,224**
Provision for VAT and other[2]	(7,515)	(222)	753	-	-	2,721	**(4,263)**
Net VAT and other taxes	$ 19,144	$ 5,285	$ 753	$ (7,378)	$ (4,148)	$ (7,695)	**$ 5,961**
ICMS[3]	$ 15,086	$ 2,798	$ -	$ -	$ (89)	$ (5,751)	**$ 12,044**
Reserve for ICMS[3]	(2,248)	(123)	-	-	-	613	**(1,758)**
Net ICMS	$ 12,838	$ 2,675	$ -	$ -	$ (89)	$ (5,138)	**$ 10,286**
Total recoverable taxes	**$ 31,982**	**$ 7,960**	**$ 753**	**$ (7,378)**	**$ (4,237)**	**$ (12,833)**	**$ 16,247**
Less: current portion	10,614						**4,611**
Non-current portion	$ 21,368						**$ 11,636**
Receivable from sales of ICMS tax credits [4]	$ 889						**$ 681**

1) The Company is required to pay certain taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods, including as cash refund or as a credit against current taxes payable.

2) The Company records a provision against its recoverable taxes given limited methods available to recover such taxes and the length of time it will take to recover such taxes. The provision reduces the net carrying amount of value added taxes and other taxes to their estimated present value based on the manner and timing of expected recovery, discounted at the Brazilian Central Bank's Selic rate.

   During 2014, the Company initiated procedures to obtain approval and/or refund of R$29.1 million of Federal VAT ('Value Added Tax') input tax credits with respect to the years 2009 through 2011 for MTL. Following an extensive audit process, in February 2015, 81.6% of the input tax credits were approved for refund. 29.7% of the approved amount was applied as a credit to reduce other federal taxes payable for prior years, while R$16.7 million (approximately $6.0 million) was refunded in cash.

3) ICMS – *Imposto sobre circulação de mercadorias e prestação de serviços* is a type of value added tax which can either be sold to other companies (usually at a discount rate of approximately 13%) or be used to purchase specified machinery and equipment. The ICMS credits can only be realized in the state where they were generated; in the case of Jaguar, in the State of Minas Gerais, Brazil.

4) Recorded as part of Other assets is $681,000 related to ICMS tax credits sold to and still receivable from other companies (December 31, 2014 - $889,000).

(Unaudited and expressed in thousands of US dollars)

6. Property, plant and equipment ("PP&E"):

	Plant	Vehicles	Equipment	Leasehold[1]	CIP[2]	Mining properties	Total
Cost							
Balance as at January 1, 2015	$ 13,495	$11,522	$ 229,701	$ 2,380	$ 2,476	$ 353,616	$ 613,190
Additions	-	29	1,511	-	902	10,234	12,676
Disposals	-	(290)	(250)	-	-	(319)	(859)
Reclassify within PP&E	(30)	-	-	-	30	-	-
Balance as at September 30, 2015	**$ 13,465**	**$11,261**	**$ 230,962**	**$ 2,380**	**$ 3,408**	**$ 363,531**	**$ 625,007**
Balance as at January 1, 2014	$ 15,717	$13,793	$ 230,879	$ 2,380	$ 3,150	$ 333,731	$ 599,650
Additions	-	449	3,182	-	2,351	21,667	27,649
Disposals	(3,755)	(2,797)	(5,429)	-	(346)	-	(12,327)
Transfer from assets held for sale	1,533	77	1,069	-	(2,679)	-	-
Reclassify within PP&E	-	-	-	-	-	(1,782)	(1,782)
Balance as at December 31, 2014	$ 13,495	$11,522	$ 229,701	$ 2,380	$ 2,476	$ 353,616	$ 613,190
Accumulated amortization and impairment							
Balance as at January 1, 2015	$ 11,277	$ 9,234	$ 202,443	$ 1,923	$ 1,142	$ 323,398	$ 549,417
Amortization for the period	513	454	4,784	234	-	5,455	11,440
Impairment loss	-	-	-	-	-	-	-
Disposals	-	(272)	(56)	-	-	(320)	(648)
Balance as at September 30, 2015	**$ 11,790**	**$ 9,416**	**$ 207,171**	**$ 2,157**	**$ 1,142**	**$ 328,533**	**$ 560,209**
Balance as at January 1, 2014	$ 10,891	$ 9,575	$ 132,766	$ 1,459	$ -	$ 289,007	$ 443,698
Amortization for the year	923	1,842	16,308	464	-	10,756	30,293
Impairment loss	3,275	50	58,740	-	1,142	23,635	86,842
Disposals	(3,812)	(2,233)	(5,371)	-	-	-	(11,416)
Balance as at December 31, 2014	$ 11,277	$ 9,234	$ 202,443	$ 1,923	$ 1,142	$ 323,398	$ 549,417
Carrying amounts							
As at September 30, 2015	**$ 1,675**	**$1,845**	**$ 23,791**	**$ 223**	**$2,266**	**$ 34,998**	**$ 64,798**
As at December 31, 2014	$ 2,218	$2,288	$ 27,258	$ 457	$1,334	$ 30,218	$ 63,773

[1]Refers to leasehold improvements in corporate office in Brazil.

[2]Refers to Construction in progress.

(Unaudited and expressed in thousands of US dollars)

7. Mineral exploration projects:

	Gurupi	Turmalina	Caeté	Pedra Branca	Total
Balance as at January 1, 2015	$ 68,139	$ -	$ -	$ 405	$ 68,544
Additions	367	-	-	-	367
Balance as at September 30, 2015	**$ 68,506**	**$ -**	**$ -**	**$ 405**	**$ 68,911**
Balance as at January 1, 2014	$ 67,494	$ -	$ -	$ 391	$ 67,885
Additions	645	-	314	14	973
Reclass from PP&E	-	-	1,782	-	1,782
Impairment loss	-	-	(2,096)	-	(2,096)
Balance as at December 31, 2014	$ 68,139	$ -	$ -	$ 405	$ 68,544

8. Accounts payable and accrued liabilities:

	September 30, 2015	December 31, 2014
Accounts payable (suppliers)	**$ 8,079**	$ 9,212
Accrued payroll	**5,141**	6,483
Interest payable	**86**	72
Other	**167**	282
Total accounts payable and accrued liabilities	**$ 13,473**	$ 16,049

9. Notes payable:

	September 30, 2015	December 31, 2014
Notes payable - current portion		
Bank indebtedness	**$ 13,753**	$ 14,954
Vale note [(a)]	**540**	458
Renvest credit facility [(b)]	**8,360**	14,001
	22,653	29,413
Notes payable - non-current portion		
Vale note [(a)]	**1,326**	1,538
	1,326	1,538
Total notes payable	**$ 23,979**	$ 30,951

a) Vale note

The Vale note was generated in 2008, by the purchase of mineral rights regarding the Caeté Project for $13.3 million ("Vale Purchase Agreement"). Payment under the Vale Purchase Agreement was subject to satisfaction of certain conditions including perfection of the transfer of the mineral rights before the *Departamento Nacional de Produção Mineral* ("DNPM"). During 2010, the Company paid $3.2 million. In November 2014 the agreement was amended whereby the Company agreed to waive certain mineral rights expected to be transferred under the purchase agreement as they had not been duly conveyed. Accordingly, the outstanding indebtedness amount was reduced from $9.0 million to $3.0 million, payable in twelve installments of $250,000 in December and July of every year, until fully paid in 2020. The loan does not bear interest and has been recorded at net present value using an interest rate of 11.65%. The first installment was paid in December 2014.

(Unaudited and expressed in thousands of US dollars)

b) Renvest Credit Facility:

The features of the Renvest credit facility A and B are as follows:

Facility A:

This facility, in the amount of $5.0 million, includes a conversion feature whereby the holder can convert the debt into common shares of the Company at the greater of $200.0 million divided by the total number of fully diluted issued and outstanding common shares and Cdn$0.91. This embedded conversion feature meets the accounting definition of a derivative instrument.

The Company performed a valuation of this feature to determine its fair value at inception and subsequently revalued it on September 30, 2015. As at September 30, 2015 there is $nil recorded as current liability ($3,000 as at December 31, 2014). The change in the fair value for the three and nine months ended September 30, 2015, in the amount of $nil and $3,000, respectively, (three and nine months ended September 30, 2014 - $283,000 and $296,000, respectively) was recorded as a gain on conversion option embedded in convertible debt as financial instruments gain in the consolidated statements of operations and comprehensive income (loss)

The estimated fair value of the derivative liability is classified as level 2 and was determined using the Black-Scholes model, with the following assumptions:

Black-Scholes model		Assumptions
Remaining contractual life		0.3 year
Interest rate		11%
Volatililty		145%
Risk free rate		0.40%
Share price	$	0.15
Conversion price	$	1.78

This facility bears interest at 11% per annum and matures on December 31, 2015, but was repaid on October 27, 2015 upon the closing of a non-brokered private placement of convertible senior secured debentures. Please refer to Note 19.

Facility B:

This non-revolving facility was originally in the amount of $25.0 million of which $10.0 million was repaid in April 2014.

This facility bears interest at 11% per annum, repayable $1.0 million plus accrued interest per month, commencing July 2014 and matures on December 31, 2015, but was repaid on October 27, 2015 upon the closing of a non-brokered private placement of convertible senior secured debentures. Please refer to Note 19.

Security for Facility A and Facility B is provided by security agreements comprising all the Company's and its subsidiaries' present and future assets, the shares of the Company's subsidiaries and loan guarantees by the Company's subsidiaries. Facility A and Facility B require among other things that the Company adhere to specific financial covenants. On October 27, 2015 US$8.4 million were paid to Renvest Global Resources Fund c/o Renvest

(Unaudited and expressed in thousands of US dollars)

Mercantile Bancorp Inc. to transfer its interest in its credit facility with the Company to the investors in the Offering, which facility was amended and restated under the indenture governing the Debentures. Please refer to Note 19.

10. Reclamation provision

	December 31, 2014	Additions (Reversals)	Accretion	Payments	Foreign exchange	September 30, 2015
Reclamation provision	$ 21,374	$ 109	$ 246	$ (284)	$ (6,537)	**$ 14,908**
Less: current portion	1,202					**2,316**
Non-current portion	$ 20,172					**$ 12,592**

The reclamation provisions relate to the cost to reclaim land that has been disturbed as a result of mining activity. The estimated future cash flows have been discounted using the Brazilian Selic rate of 15.79% and the inflation rate used to determine future expected cost ranges from 4.4% to 9.6% per annum.

11. Other provisions and contingent liabilities:

Various legal, environmental, tax and regulatory matters are outstanding from time to time due to the nature of the Company's operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

As at September 30, 2015, the Company has recognized a provision of $18.6 million (December 31, 2014 - $16.6 million) representing management's best estimate of expenditures required to settle present obligations, as noted in the table below. The ultimate outcome or actual cost of settlement may vary materially from management estimates.

	December 31, 2014	Additions (Reversals)	Payments	Foreign exchange	September 30, 2015
Labour litigation	$ 14,491	$ 9,634	$ (454)	$ (6,373)	**$ 17,298**
Civil litigation	1,560	(46)	-	(519)	**995**
Other provisions	554	(122)	-	(85)	**347**
	$ 16,605	$ 9,466	$ (454)	$ (6,977)	**$ 18,640**

12. Capital stock:

a) Common shares:

The Company is authorized to issue an unlimited number of commons shares. All issued shares are fully paid and have no par value. Changes in common shares for the nine months ended September 30, 2015 and 2014 are as follows:

(Unaudited and expressed in thousands of US dollars)

	Number of shares		Amounts
Balance as at January 1, 2015	111,111,038	$	434,465
Shares issued[1]	25,000		4
Balance as at September 30, 2015	**111,136,038**	**$**	**434,469**
Balance as at January 1, 2014	86,396,356		371,077
Share consolidation[2]	(85,396,429)		-
Shares issued in exchange for the Notes[2]	19,000,000		13,389
Offering shares issued[2]	70,955,797		50,000
Accrued interest offering shares issued[2]	9,044,203		6,373
Backstop commitment shares issued[2]	11,111,111		7,829
Share issuance costs[2]	-		(14,203)
Balance as at September 30, 2014	**111,111,038**	**$**	**434,465**

1) On June 30, 2015 the Company issued 25,000 shares for 25,000 vested Deferred Share Units ("DSUs"), valued at $4,000, to a former executive. This issuance was made pursuant to the redemption rules of vested DSUs under the Company's Deferred Share Unit Plan.

2) On December 23, 2013, the Company filed for creditor protection under the Companies' Creditors Arrangement Act (Canada) (the "CCAA") in the Ontario Superior Court of Justice. On April 22, 2014, the Company successfully implemented the CCAA Plan.

The CCAA Plan implemented a series of steps leading to an overall capital reorganization of Jaguar. These steps included, among other things:

- The common shares of the Company issued and outstanding immediately prior to the implementation of the CCAA Plan were consolidated at a ratio of one (1) post-consolidation common share for each 86.39636 pre-consolidation common shares (the "Consolidation").

- The Noteholders and certain other Affected Unsecured Creditors of the Company with proven claims received their pro-rata share of 14,000,000 common shares of the Company in exchange for their Notes and in satisfaction of their claims, respectively, and Noteholders who signed the Support Agreement received their pro rata share of an additional 5,000,000 common shares of the Company in exchange for their Notes. Pursuant to the CCAA Plan, the Notes (and the indentures under which such Notes were issued) have been irrevocably and finally cancelled and all unsecured claims of certain affected unsecured creditors of the Company are fully and finally released.

- Noteholders who participated in the Share Offering purchased up to their pro rata share of 70,955,797 common shares of the Company (collectively, the "Offering Shares") and such Noteholders received their pro-rata share of 9,044,203 common shares of the Company (the "Accrued Interest Offering Shares") in exchange for their Notes.

- Noteholders who backstopped the Share Offering pursuant to the Backstop Agreement purchased their pro-rata share (based on their backstop commitments) of the Offering Shares not subscribed for under the Share Offering and received their pro rata share of an additional 11,111,111 common shares of the Company (the "Backstopped Commitment Shares") in exchange for their Notes.

(Unaudited and expressed in thousands of US dollars)

b) Stock options:

In connection with the implementation of the CCAA Plan in April 2014, equity based compensation arrangements existing immediately prior to the implementation of the CCAA Plan, including the stock options, were forfeited. The following tables shows the roll-forward and the stock options as at September 30, 2015:

Common Share Options	Number of options	Weighted Average Exercise	
Balance as at January 1, 2015	2,679,735	$	1.35
Options forfeited[1]	(400,000)		1.35
Balance as at September 30, 2015	**2,279,735**	**$**	**1.35**
Balance as at January 1, 2014	1,604,028	$	0.98
Options cancelled	(1,604,028)		0.98
Issued during the period	1,994,735		1.35
Balance as at September 30, 2014	**1,994,735**	**$**	**1.35**

1) Relates to the forfeiture of the options of a former executive, upon resignation in April 2015.

The following table is a summary of stock options outstanding during the nine-month period ended September 30, 2015 and 2014, the fair values and the assumptions used in the Black-Scholes option pricing formula:

	Number of options	Exercise Price	Dividend yield	Risk-free interest rate	Forfeiture rate	Expected life (years)	Volatility factor	Fair value
Stock options 2015	2,279,735	$ 1.35	-	1.47%	0%	2.79	53%	$ 0.20
Stock options 2014	1,994,735	$ 1.35	-	1.47%	0%	4.00	50%	$ 0.24

For the three and nine months ended September 30, 2015 the Company had recognized $31,000 and $168,000, respectively in the condensed interim consolidated statements of operations and comprehensive income (loss) (three and nine months ended September 30, 2014 - $245,000 and $461,000 respectively).

c) Deferred share units – "DSUs":

In connection with the implementation of the CCAA Plan in April 2014, equity based compensation arrangements existing immediately prior to the implementation of the CCAA Plan, including the DSU plan, which had been accounted for as cash-settled awards, were cancelled.

For the three and nine months ended September 30, 2015 the Company had recognized $54,000 and $280,000, respectively in the condensed interim consolidated statements of operations and comprehensive income (loss) (three and nine months ended September 30, 2014 - $234,000 and $760,000, respectively).

d) Hedging reserve:

The hedging reserve represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in other comprehensive income until the transaction is settled at which time the gain or loss is recognized in the consolidated statements of operations.

Included in the hedging reserve, in the consolidated statements of changes in shareholders' equity for the period ended September 30, 2015 is an unrealized gain of $1.2 million (December 31, 2014 – unrealized loss of $197,000). An aggregate realized gain in the amount of $nil and $35,000 has been recorded in the consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2015, respectively (three and nine months ended September 30, 2014 – $281,000 gain and $285,000, respectively).

The following are the outstanding contracts as at September 30, 2015:

Settlement Date	Ounces Hedged	Average US$ per ounce	Unrealized gain
December 31, 2015	10,593	$ 1,227	$ 1,202

13) Basic and diluted earnings per share:

Dollar amounts are in thousands.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
Numerator				
Net income (loss)	**$ 4,445**	$ (9,491)	**$ (12,884)**	$ 221,393
Adjustment				
Convertible option Renvest Credit Facility	**-**	-	**-**	30
Net income (loss) for the purpose of diluted income (loss) per share	**$ 4,445**	$ (9,491)	**$ (12,884)**	$ 221,423
Denominator				
Weighted average number of common shares outstanding - basic and diluted	**111,136,038**	111,111,038	**111,122,210**	65,937,021
Convertible option Renvest Credit Facility	**-**	-	**-**	1,646,734
Deferred share units	**1,500,566**	-	**-**	565,559
Weighted average number of common shares outstanding - diluted	**112,636,604**	111,111,038	**111,122,210**	68,149,314
Basic and diluted loss per share	**$ 0.04**	$ (0.09)	**$ (0.12)**	$ 3.36
Diluted income (loss) per share	**$ 0.04**	$ (0.09)	**$ (0.12)**	$ 3.25

The determination of the weighted average number of common shares outstanding for the calculation of diluted earnings per share does not include effect of the following options and convertible notes since they are anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
Options	**2,279,735**	1,813,523	**2,444,570**	1,805,527
Convertible option Renvest Credit Facility	**2,840,200**	2,792,288	**2,808,989**	-
Deferred share units	**-**	848,567	**1,541,775**	-
Antidilutive shares	**5,119,935**	5,454,378	**6,795,334**	1,805,527

(Unaudited and expressed in thousands of US dollars)

14) Production costs:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Direct mining and processing costs	**$ (17,209)**	$ (21,822)	**(52,584)**	$ (66,657)
Royalty expense and CFEM taxes	**(747)**	(773)	**(2,340)**	(2,662)
Inventory write-down	**-**	214	**(32)**	2,190
Other	**64**	69	**123**	206
Depreciation	**(3,254)**	(7,728)	**(12,891)**	(23,743)
Total cost of sales	**$ (21,146)**	$ (30,040)	**$ (67,724)**	$ (90,666)

15) Adjustment to legal and VAT provisions:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Legal provisions	**$ 1,390**	$ 848	**$ 9,590**	$ 3,808
Changes in provision against recoverability of VAT and other taxes	**(425)**	$ (3,990)	**221**	774
Total adjustment to legal provisions and VAT taxes	**$ 965**	$ (3,142)	**$ 9,811**	$ 4,582

16) Commitments:

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining undiscounted contractual maturities of the Company's financial liabilities and other commitments:

(Unaudited and expressed in thousands of US dollars)

As at September 30, 2015	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	$ 13,473	$ -	$ -	$ -	$ 13,473
Notes payable					-
Principal	22,653	1,000	1,000	-	24,653
Bank indebtedness	13,753	-	-	-	13,753
Vale Note	500	1,000	1,000	-	2,500
Renvest credit facility	8,400	-	-	-	8,400
Interest	578	-	-	-	578
Other liabilities	40	-	-	-	40
Total financial liabilities	$ 36,744	$ 1,000	$ 1,000	$ -	$ 38,744
Other Commitments					
Operating lease agreements	$ 172	$ 30	$ -	$ -	$ 202
Suppliers' agreements					-
Mine operations[1]	627	-	-	-	627
Other provisions and liabilities	18,640	-	-	-	18,640
Reclamation provisions[2]	2,405	9,781	880	8,386	21,452
Total other commitments	$ 21,844	$ 9,811	$ 880	$ 8,386	$ 40,921
Total	**$ 58,588**	**$ 10,811**	**$ 1,880**	**$ 8,386**	**$ 79,665**

[1] The Company has the contractual right to cancel the mine operation contracts with 30 days advance notice. The amount included in the commitments table represents the contractual amount due within 30 days.

[2] Reclamation provisions are not adjusted for inflation and are not discounted.

17) Financial risk management and financial instruments:

The Company's activities expose it to a variety of financial risks, including but not limited to: credit risk, liquidity risk, currency risk, interest rate risk and price risk. The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in connection with the Company's annual financial statements as at December 31, 2014.

a) Liquidity risk:

The Company had a working capital deficiency of $30.5 million and an accumulated deficit of $365.7 million as at September 30, 2015. The Company will need to refinance/restructure its current debt and obtain additional financing in order to meet its near-term operating cash requirements, debt payments and sustaining capital expenditures. See Note 2.

The Company's financial liabilities and other commitments are listed in Note 16.

b) Derivative financial instruments:

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy.

(Unaudited and expressed in thousands of US dollars)

- ***Forward sales:***

See Note 12(d).

c) Financial instruments:

The fair value of the following financial assets and liabilities approximate their carrying amounts due to the short term to maturity of these instruments:

a. Cash and cash equivalents
b. Other accounts receivable
c. Accounts payable and accrued liabilities
d. Notes payable

Fair value estimation:

IFRS 7 Financial Instruments - Disclosures prescribes the following three-level fair value hierarchy for disclosure purposes based on the transparency of the inputs used to measure the fair values of financial assets and liabilities:

a. Level 1 – quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access at the measurement date.

b. Level 2 – inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

c. Level 3 – one or more significant inputs used in a valuation technique that are unobservable for the instruments.

The fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis as at September 30, 2015 and December 31, 2014 are as follows:

	Level 1	Level 2	Level 3
September 30, 2015			
Derivative assets	**-**	**1,202**	**-**
December 31, 2014			
Derivative liabilities	$ -	$ 197	$ -

18) Related party transactions:

The Company incurred legal fees from Azevedo Sette Advogados ("ASA"), a law firm whose partner is Luis Miraglia, a director of Jaguar. Fees paid to ASA are recorded at the exchange amount – being the amount agreed to by the parties and included in administration expenses in the statements of operations and comprehensive loss – and amount to $10,000 and $49,000 for the three and nine months ended September 30, 2015, respectively ($16,000 and $38,000 for the three and nine months ended September 30, 2014, respectively).

The Company also incurred legal fees from Goodmans LLP ("Goodmans"), a law firm where Robert Chadwick, a former director of Jaguar is a partner. Fees paid to Goodmans are recorded at the exchange amount – being the amount agreed to by the parties and included in administration expenses in the statements of operations and comprehensive loss – and amount to $9,000 and $11,000 for the three and nine months ended September 30, 2015, respectively ($92,000 for the three and nine months ended September 30, 2014).

19) Subsequent events:

On October 27, 2015 the Company closed a non-brokered private placement (the "Offering") of convertible senior secured debentures ("Debentures"). Pursuant to the Offering, Jaguar raised aggregate gross proceeds of US$21.5 million, of which approximately US$8.4 million were paid to Renvest Global Resources Fund c/o Renvest Mercantile Bancorp Inc. to transfer its interest in its credit facility with the Company to the investors in the Offering, which facility was amended and restated under the indenture governing the Debentures. The Company plans to use the remainder of the proceeds of the Offering for general corporate purposes and to advance asset optimization plans in conjunction with the Company’s ongoing development and production activities at its Brazilian mines.

The Debentures bear interest at a rate of 12% per annum, payable in cash on a quarterly basis and are convertible at the holder's option into common shares of the Corporation ("Common Shares") at a price of C$0.15 per Common Share, being a ratio of approximately 8,781 Common Shares per US$1,000 principal amount of Debentures, based on an exchange rate of US$0.7592 per C$1.00. The Debentures mature on October 27, 2018.

The Debentures will not be redeemable before the day that is 12 months plus one day after the closing date of the Offering (the "Call Date"). With 30 days written notice, on and after the Call Date and prior to the maturity date of the Debentures, the Debentures will be redeemable in cash in whole or in part from time to time at the Corporation's option at a price of: (i) 120% of the principal amount of the Debentures outstanding within year one after the Call Date, and (ii) 110% thereafter, plus, in each case, any accrued and unpaid interest thereon.

The Debentures are governed by an indenture containing provisions and covenants including, but not limited to, further indebtedness and restricted payments.